

FINANCE ALTERNATIVES NORTH WEST SCOTLAND SOUTH EAST
UNITED KINGDOM & IRELAND YORKSHIRE & NORTH EAST

Harrison Street clinches refinance of £185m life sciences portfolio

1 Feb 2021 | by David Hatcher

Lenders seek exposure to booming sector



Kent Science Park

What Harrison Street has agreed a refinance of its £185m UK life sciences portfolio

Why It is seeking fresh funds to invest into the assets

What next The fund manager expects to further invest into the evolving sector and expand its exposure

Harrison Street has secured a refinancing deal for its five-asset UK life sciences portfolio, *React News* can reveal.

Lloyds and Oaktree Capital Management have provided a new facility for the parks which Harrison Street [bought at the end of 2019 from Angelo Gordon for £185m](#). It is understood that the facility totals in the region of £110m, which equates to a loan-to-value of close to 60% of the initial purchase price.

The finance includes both an investment loan and a capital expenditure element to facilitate improvement and asset management across the portfolio, which Harrison Street owns alongside Trinity Investment Management. Harrison Street said it intends to use the proceeds to refinance and consolidate its existing borrowing facilities as well as provide capital to refurbish and expand the campuses.

The 1.6m sq ft portfolio of lab and office space is the largest private life sciences portfolio in the UK and includes assets in Kent, Colworth, Manchester, Newcastle and Edinburgh with tenants including the likes of GW Pharma and Unilever.

[The life sciences sector is one of the fastest growing areas of the real estate market](#) with an increasing quantum of institutions seeking to find ways to deploy capital into it. The UK is a world leader in such specialist innovation and the government has been providing financial support to fuel its expansion. However, stock is scarce in the still relatively nascent sector, meaning that development is often necessary in order for institutions to deploy capital.

As an organisation, Oaktree is experienced in the life sciences, with the most notable deal of recent months being [AXA – IM Real Assets' €500m purchase of the Kadans platform from Oaktree](#) in November.

A growing platform



Harrison Street's Paul Bashir is on the hunt for more life sciences assets

[Paul Bashir](#), chief executive of Harrison Street in Europe, said: "The closing of this transaction reflects the strength of the portfolio and our commitment to the UK life sciences and innovation sector. Ensuring access to world-class laboratory and research infrastructure has never been more important globally and Harrison Street continues to focus on delivering critical facilities to support UK life sciences. We are grateful to have the backing of Lloyds Bank and Oaktree, who recognize the value of these assets and we look forward to benefiting from their expertise and resources as we continue to grow our platform in partnership with Trinity."

Klaus Betz-Vais, managing director and head of global investors and listed clients at Lloyds, added: "The government has set out its vision for the UK to be a global hub for life sciences, a sector which has generated more than £70bn in revenue per annum in recent years. Part of making this vision a reality is ensuring we have a high standard of space designed specifically for the industry's needs.

"That's why we're proud to be by the side of Harrison Street and Trinity as they invest in this expansive network of laboratory and office space – providing high quality bases for the domestic and international life sciences firms that form a crucial part of our economy. The loan reflects our first SONIA

linked syndicated facility pioneering the market's transition away from LIBOR."

Derek Rich, managing director and head of European real estate loan originations at Oaktree, said: "We are very excited to have had the opportunity to support Harrison Street and Trinity's expansion into the European life sciences sector and are proud to partner with Lloyds in providing the joint venture with an accretive financing solution.

"This was an ideal origination for our global real estate debt platform for three reasons: (i) our debt business is focused on partnering with leading real estate investors on a global basis; (ii) the financing allowed us to leverage our institutional knowledge in the life sciences sector; and (iii) the real estate is underpinned by a highly diverse and long dated, quality income stream. We look forward to supporting these leading sponsors as they grow their life sciences platform."

Related articles



ALTERNATIVES

READ

Legal & General launches Cambridge Science Park sale

10 Dec 2020



ALTERNATIVES

READ →

Why AXA is making a €500m splash in the life sciences market

26 Nov 2020



ALTERNATIVES

READ →

Need to know: the ultimate guide to the UK's burgeoning life sciences sector

12 Nov 2020



CORPORATE

READ →

Harrison Street poaches top Round Hill exec

21 Apr 2020